Dev. **(1938) Department.**

Ms. SERIES.

G.O. No. 124.

DATED 11-1-38

[Despatch Abstract.]

Klate Ltd — the Kollegal Silk Filatures Ltd

Subscription of shares — payment.

Kollegal

Industries **DEPARTMENT.**

Received 19 *Registered* Dev. 8 - 11 19
3.1.38.

Subject.

State aid - The Kollegal Silk Filatures Ltd.,
Subscription of shares - Payment.

ENCLOSURES.
No.
Spare copies

No. S.A.14/37

Station Madras, *Dated the* 24th December, 1937.

From (Name) L. B. Green Esq., M.B.E.,
(Designation) Director of Industries,

To The Secretary to the Government of Madras,
Development Department.

Sir,

The conditions laid down in G.O.No. 2361 Ms Development dated 20th October 1937 have been fulfilled and the Board of Directors of the Kollegal Silk Filatures Ltd., have proceeded to allot shares to the subscribers. According to the Prospectus, the shares are payable as follows:-

Ordinary shares.

On application	Rs 2-8-0 per share
On allotment	Rs 2-8-0 ,,

Balance in two calls of Rs 2-8-0 each at intervals of not less than two months.

Deferred shares.

On application Re 1/- per share

The share money payable by the Government becomes due as follows:-

1750 ordinary shares of Rs 10/- each.

Application money at Rs 2-8-0 per share	Rs 4,375
Allotment ,, ,,	Rs 4375

350 Deferred shares of Re 1/- each.

Application money at Re 1/- per share	350
	9,100

The Company therefore request that the amount of Rs 9,100/- may be paid as the allotment has been sanctioned by the Board. I enclose a copy of their letter dated 1st December 1937, for the information of Government. Under Section 15 of the State Aid to Industries Act, it is necessary that for all shares subscribed by the Government, there must be taken up and fully paid for not less than an equal number of shares. No shares of the Company are fully paid and will not be for some months except the shares allotted to Mr. F. L. Silva as purchase consideration and as the Government should pay their calls in the same manner as other share-holders, I propose to pay the Company the sum of Rs 9,100/- during 1937-38 and request that the proposal may be approved and the Revised Estimate for 1937-38 under '43 a - Industries - Industries - A - Direction - A 4 - other charges voted - other petty contingencies' raised from Rs 5,000 to Rs 14,100.

2. As the balance of Rs 8,750 will become payable to the Company only in 1938-39, I request that the necessary provision may be made in Part II of the Budget Estimates for 1938-39 under the head noted above.

Director of Industries.

Copy of letter dated 1st December 1937 from the Managing Agents, The Kollegal Silk Filatures, Ltd., Armenian Street, Madras, to the Director of Industries, Madras.

We beg to acknowledge receipt of your letter No.S.A. 14/37 dated the 26th November.

The conditions laid down in G.O. No.2361 Ms. dated the 20th October last have been duly fulfilled and allotment has been sanctioned by the Board of Directors. The share money receivable from Government becomes due as follows -

(D)

1,750 Ordinary Shares -

Application money at Rs.2/8 per share -	Rs. 4,375
Allotment money	4,375
350 Deferred Shares -	
Application money at Re. 1 per share -	350
	9,100

We request that the amount may kindly be paid into the Imperial Bank of India, Madras, to the credit of this Company.

We do not anticipate that the first call will be made payable before the 31st March 1938. Even if the Directors should decide to do so, the payment due from Government could be deferred till the month of April 1938. Provision for the payment of the balance due, viz. Rs.8,750 need only be made during the next financial year.

--

4

Dev

Subject: State aid - The Kollegal Silk Filatures Ltd - Subscription of Shares Payment

From the D.I S.A 14-3) Rs 1125)

U.S

Please see the D.I's letter in the CF

2) In the circumstances stated in para 1 of this letter it is submitted that this proposal to pay the Company the sum of Rs 9100 during 1937-38 may be approved. As regards funds the D.I. will presumably be able to meet the expenditure from the savings in his budget by reappropriation.

3. As regards the raising of the provision under Rs for 1937-38 under "43.a. Industries - Industries A Direction - 4 other charges - Voted - other petty contingencies and the inclusion of the provision under BE for 1938-39 the

As regards the conditions laid down in Sec 15 of the order referred to by the D.I in A in f 2 CF it is submitted that the properties of Mr Selva which have been valued at Rs 60,000 could be counted against the fully paid up shares and taken account of

~~XX~~ 5

Fin Dept may be requested to take the necessary ~~action~~.

4. A draft order is submitted for approval. It may be sent to the Fin. Dept for acceptance

6.1.38

7.1.38

8.1.38

Finance u/v

8.11.38-1

8.1.38

~~Fin. (Exp)~~

ASSISTANT SECRETARY TO GOVERNMENT
8 - JAN 1938
FINANCE DEPT.

(Please see para 1 of the orders in G.O. No. 2361 Dev. dt 20.X.37 and the Director's letter on pp. 1-2 c/f.)

The draft order may be accepted.

from No 111(1) Exp-1
10.1.38

Through B.G & B.R. to make Appln for Sanction

Extracts taken for attention to be made in Estimate

8.1.38

8.1.38

9.1.38

9.1.38

10/1

S

Dev.

10.1.38

11/1/38

W S

The draft may now issue

11.1.38

11.1.38.

ASSISTANT SECRETARY TO GOVERNMENT
11 JAN 1938
DEVELOPMENT DEPARTMENT

11/1

C.F. 16.

DRAFT FOR APPROVAL.

Dev. Depts

	Date.	Initials.
When received for fair copying ..		
When copied ..		
When examined..		
When signed ..		
When despatched.		

SUBJECT:— Industries - State Aid to Industries Act - Kollegal Sick Filatures Ltd - Subscription of shares - payment - Director's proposal - approved

READ AGAIN _____, dated _____ 19____.

,, ,, 2361 ,, 20.10. 1937. (1)

READ *ALSO*:—

No. 811/37 From the 20.1, No. SA 114/37, dated 24.12.1937. pp 1-3 CF

,, _____ ,, _____ ,, _____ ,, _____ 19____.

,, _____ ,, _____ ,, _____ ,, _____ 19____.

~~Order Resolution~~ ~~Ms. Rout.~~ No. 124, dated 11.1.1938.

Bar, 24.

The Govt approve the proposal of the Director of Industries to pay the Kollegal Sick Filatures, Ltd, a sum of Rs 9100 (Rupees nine thousand and one hundred) during 1937-8 towards the subscription of shares by Govt as detailed below :—

	Rs
Application money at Rs 2-8-0 per share for 1750 ordinary shares ...	4375
Allotment money at Rs 2-8-0 per share for 1750 ordinary shares ...	4375
Application money at Re 1-0-0 per share for 350 deferred shares ...	350
	9100

G.I.

The Director is requested to meet the expenditure by reappropriations from the savings in his budget allotment for 1937-38.

2/ Necessary provision is made for the balance of Rs (Rupees Eight thousand seven hundred and fifty) 8750/- needed for the purpose in 1938-39 will be included in the BE for that year. But no expenditure should be incurred from this provision before funds are voted by the Legislative Assembly.

para 2.
1/2 CF

The
7.1.38

AM
7/1

SD
7.1.38.

The D.I ✓
AG through the Fin Depts
Fin Depts ✓
Desbd.
ks
11-1-38.

8

C.F. 30.

Industries DEPARTMENT.

SECRETARY TO GOVERNMENT
Received 17 MAR 1938 19
DEVELOPMENT DEPARTMENT

Registered Dev. 1515 II 19
17.3.38

Subject.

Read
File urlr Go No. 124 MS Dev dt 11.1.1938

RDV 9/3/38

The Kollegal Silk Filatures Ltd., - Title deeds - Opinion of the Government Pleader, Coimbatore.

ENCLOSURES.
No. One
sheet.
Spare copies

No. S.A.14 of 1937.

Station Madras, *Dated the* 15th March 1938.

From (Name) L. B. Green Esq., M.B.E.,
(Designation) Director of Industries,

To The Secretary to the Government of Madras,
Development Department.

Sir,

Reference:- Government Memorandum No. 4917-II/37-1 dated 4th January 1938 and my letter S.A.14/37 dated 4th March 1938.

p. 2 ante (x)
p. 4 of (x)

The remarks of the managing Agents of the Kollegal Silk Filatures Ltd., copy enclosed, were communicated to the Government Pleader, Coimbatore, and a copy of the latter's reply is also enclosed. I solicit the orders of Government as to whether in the event of it not being found possible to have the rectification documents completed before the end of the official year, and there is small likelihood of this, the disbursement of the share amount of Rs 9,100/- should be deferred until next year.

p. 3-4 infra

p. 4 infra

I request that very early orders may issue in regard to this.

Director of Indus

A.D.
16.3.38

3/ 10

Copy of letter dated 7th March 1938 from the Managing Agents, The Kollegal Silk Filatures Ltd., Kollegal, to the Director of Industries, Madras.

We thank you for your letter No. S.A. 14/37 dated the 2nd instant and the documents forwarded therewith.

Among the documents submitted by us to the Government Pleader, Coimbatore, the certificate of title given by the Company's legal adviser was also enclosed. As this has not been included in the documents returned we request that the same may kindly be forwarded.

With regard to the remarks of the Government Pleader may we draw your attention to the last para in which it is stated that the title of the vendor is in order?

According to his opinion the deed of sale in favour of the Company lacks perfection in regard to some incidental details. The undersigned as vendor has no objection and hereby undertakes to execute such deed of rectification as may be considered necessary by the advisers of Government, if you will kindly arrange to have the same drafted.

A

The documents of 1913 and 1914 were not in the possession of the vendor's predecessors in title since the year 1921 and cannot be traced. As these are not essential for the purpose of establishing the title any attempt to trace them is likely to be futile and we would suggest that the matter/may be dropped.

B

It is true that the original of the sale deed of 1921 is not forthcoming but as the deed was duly registered and a certified copy thereof has been produced no further action is necessary.

C

The documents received with your letter are being returned separately.

We trust this explanation will be considered satisfactory and that you will kindly arrange for the payment

F 11

of the amount due from Government at the earliest possible date as the same is urgently required.

The correspondence will be placed before the Board of Directors at its next meeting which is due to be held at the end of this month but may possibly be put off till the end of the first week of April next.

Copy of letter No. 182 dated 12th March 1938 from the Government Pleader, Coimbatore to the Director of Industries, Madras.

I regret that the opinion given by the Company's Legal Adviser was not sent by an oversight. It will be sent along with the rectification document.

I do not think, it is in order to make the payments till the rectification documents are completed. Though there is pressure of work here now, I will try to send a draft rectification deed as early as possible. In the meanwhile the title deeds sent to you may be returned.

Even though the documents of 1913 and 1914 are not available, we must have an explanation as to what has become of the 1921 document.

12

Development Dept.

O.M.No.1515-II/38-2, D/26-3-1938.

Sub:-The Kollegal Silk Filatures Ltd. - Title deeds - Opinion of the Government Pleader, Coimbatore - Disbursement of share amount - ~~Disapproved~~.

Ref:-D.I.'s letter No.S.A.14 of 1937,dated 15.3.1938.

The Director of Industries is informed that if it is possible to have the rectification of documents completed before the end of the official year, this should be done and the share money disbursed. If this is not possible, there is no objection to the disbursement of the loan now, provided the interests of Government are secured by the execution of an indemnity bond by persons whose financial position is sound or by a mortgage, by way of security, of properties regarding the title to which there is absolutely no doubt.

2. The D.I. is also requested to obtain in due course a satisfactory

-2- B/

ex from the vendor as to why the original sale deed of 1921 has not been produced. The fact that the document was registered and that a certified copy has been produced is not sufficient, for money might have been borrowed on a deposit of the original sale deeds.

A.K.
21.3.

To the Director of Industries,
Madras.

Copy to the Accountant-General thro' the Finance Department

(with copy of Director's letter).

Development Department.

The Kollegal Silk Filatures Ltd. - Title deeds - Opinion of the Government Pleader, Coimbatore.

C.No.1515-II/38. From the Director of Industries, Refce. No.S.A. 14 of 1937 dated 15.3.1938.

To U.S.

Please see the letter from the D.I. and the enclosures in the c.f.

2. The Govt. Pleader, Coimbatore, is of opinion that the tile of the vendor Mr Silva seems to be in order but the sale in favour of the Kollegal Silk Filatures Ltd., is not quite in order. The vendor is prepared to undertake to execute such deed of rectification as may be considered necessary by the advisers of Government. There seems to be no serious objection to the payment to the Kollegal Silk Filatures Ltd. of the share amount of Rs.9,100/- approved in G.O.Ms.124 Development, dated 11-1-1938, in as much as title of Mr. Silva to the property is said to be in order. The rectification of the documents may perhaps be completed before the end of the official year. The effect of deferring payment this year will be that this amount will lapse and it will be very difficult to find the necessary savings from the Industries Budget during 1938-39. It will also give occasion to the Accountant-General to notice the unutilized provision in his Appropriation Accounts.

3. Subject to orders, a draft order is submitted for approval. It may be sent to the Finance Department for acceptance or remarks.

Dev. C.No. 1515-II/38

ASSISTANT SECRETARY TO GOVERNMENT 19 MAR 1938 FINANCE DEPT.

18/3/38 18.3.38

19/3/38

19/3/38

15 Rs.

Finance (Accounts).

Please see pages 1-2 C.F. and the Development Department's note on page 1 ante:

The Government Pleader, Coimbatore, is against the payment to the Company of the share amount of Rs 9,100 by the Government till the rectification of documents is completed. In the face of this legal opinion it does not appear desirable to disburse the amount before such rectification, as proposed by Development.

C on p 4 C.F.
& page 1 C.F.
page 1 ante

With reference to portion marked A on page 1 ante, it is submitted that if it is not found possible to sanction the payment from the next year's allotment in the Industries Budget Department it will be open to the Development Dept. to obtain a supplementary grant during the course of the next year in respect of this amount. The Accountant General cannot also make any adverse remarks in the Appropriation Accounts regarding the lapse of this amount in view of the cogent reasons that have operated against the payment being made in the current year. In the circumstances stated above, Finance may advise that the payment of the share amount of Rs 9.100 may be deferred till the documents are duly rectified.

Further payment should be made merely to avoid lapse in budget provision.
19.7.38

19/3/38

19.3.38

Payment may perhaps be made, if Govt. can do so without financial unsatisfactory transactions in an irregular/position. The Dev.t Dept may also be requested to consult the Legal Dept in the matter. One way out of the difficulty

A

might be
→ to take a personal indemnity bond from Mr. F.L. Silva before payment is made.

19.3.38

DWD
19.3.38

Dept.

Fin no 10829 Aug/2073138

To Marshey.

Dm. Sylvt.

Obtain on the remarks of the Finance Dept. also. The advice of the Legal Dept. may be invited with reference A at page 2 supra.

20
21.3.38.

21/3

Dev. a.o. no. 1515 II/38-2
21-3-38

Mr. 11-35-AM.

Legal 1888
21/3/38.

ASSISTANT SECRETARY TO GOVERNMENT
21 MAR 1938
DEVELOPMENT DEPARTMENT

ASSISTANT SECRETARY
21 MAR 1938
LEGAL DEPARTMENT.

Legal Department

The original documents are not in the file. But from the opinion of the Government Pleader, Coimbatore at pages 6-7 c.f, it is noticed that not only the documents of 1913-14 but also the sale deed of 1921 has not been produced. The explanation for the non-production of the documents of 1913-14 is that they were not in the possession of the vendor's predecessors-in-title since 1921. There is no

A, p.6 of (X)

B, p.3 c.f.

4 17

explanation as to why the original of the sale deed of 1921 has not been produced. The fact that the document was registered and that a certified copy was produced is not sufficient, for money might have been borrowed on a deposit of the original sale deed. If that had been done, the lender would be entitled to a charge over the properties. The provisions of the sale deed executed by Mr. Silva to the company as set out at B on pages 6-7 of the papers in flag (X) are rather curious. It is clear that this document must be rectified before Government's position can be regarded as safe. A satisfactory explanation should also be forthcoming as to the non-production of the sale deed of 1921. C, p.3 c.f. / A

2. There will however be no legal objection to the grant of the loan now if Government can be adequately secured otherwise, for example, by the execution of an indemnity bond by persons whose financial solvency is beyond question or by a mortgage, by way of security, of properties regarding the title to which there is absolutely no doubt. This Department is not in a position to say whether a personal indemnity from Mr. Silva alone can be regarded as satisfactory, as his financial circumstances are not known. If however a personal bond is to be taken, it would be better if it is executed by two persons instead of by only one.

Loan 1888-1
21/3/38

K.M.
21/3/38

Ker
21/3/38

JW

ASSISTANT SECRETARY TO GOVERNMENT
21 MAR 1938
DEVELOPMENT DEPARTMENT

18

Dev. Dept.

To Under Secy.,

Please see the Legal dept. notes at pp. 3-4 ante.

2) In view of the doubts raised by the Legal dept in para 1 of their notes it ~~is not~~ does not seem desirable to pay the share amount of Rs 9,100 to the Kollegal Silk Filatures Ltd before the rectification of the documents to the satisfaction of the Govt. Hence the payment may be deferred.

3) A draft G.O. subject to orders, is submitted for approval.

SP
21/3/38.

SD
22.3.38

I have kept our Legal proposals in the draft.

22/3

Bout the ambiguity in it is removed. Intelligible now. Let the Typist type it a fresh. Cla
24 3 38

To ~~Under~~ Secy.,

Draft G.O. is typed and submitted.

SP 24/3. SD 24.3.38.

I thought A in p 4 n. f was possible only in respect of properties in Madras City. However issue G.O. Cla
26 3 38

File at the end of 1938 - 2019
to be attached

C.F. 80.

DEPARTMENT.

ASSISTANT SECRETARY TO GOVERNMENT
29 SEP 1938
DEVELOPMENT DEPARTMENT

Received ..... 19 . *Registered* 26026TD 29938 19

Subject.

State Aid to Industries Act - The Kollegal Silk Filatures Ltd. - Deeds of conveyance by Mr.F.L.Silva in favour of the Kollegal Silk Filatures Ltd. - Examination by the Government Pleader, Coimbatore - Report - Submitting.

ENCLOSURES.
No. .....
.....
Spare copies .....

No. S.A.14/37.

Station Madras , *Dated the* 26th September 1938xxx .

From (Name) L.B.Green Esq., M.B.E.,
(Designation) Director of Industries,

To The Secretary to the Government of Madras,
Development Department.

Sir,

Reference: Government Memorandum No.1515-II/38-2 dated 26th March 1938.

The Government Pleader, Coimbatore, examined the documents of title of Mr.F.L.Silva in respect of the property conveyed by him to the Kollegal Silk Filatures Ltd., the original sale deed and the rectification deed executed by him in favour of the Company and states that they seem to be in order. So far as the documents of 1913, 1914, and 1921 which are not available with Mr.Silva, are concerned, the Government Pleader has stated that a letter may be taken from him

S.124/1138

as to why they are not availeble. Mr.Silva has accordingly furnished a letter with which the Government Pleader has been satisfied. The sale deeds have been sent for safe custody to Messrs: Silva and Sons Ltd., Managing Agents of the Company.

2. As the Government are aware, a sum of Rs.9,100 was paid to the Kollegal Silk Filatures Ltd., on the 31st March 1938, while the amount of the first call of Rs.4,375 was paid on the 18th August 1938. There yet remains to be paid the amount of second call of Rs.4375 and this will be paid as and when the amount is called up by the Company.

DIRECTOR OF INDUSTRIES.

G.M.